

## Message Text

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ORIGIN EB-07

INFO OCT-01 EUR-12 ISO-00 TRSE-00 COME-00 AGR-05 STR-04

INRE-00 FEA-01 CEA-01 CIAE-00 DODE-00 FRB-03 H-02

INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

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TREASURY:WBARREDA

COMMERCE:AWARNER

USDA:WDOERING

BATF:RDOUGHERTY

STR:BSTEINBOCK

EB/OT/STA:MANAYOR

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FM SECSTATE WASHDC

TO USMISSION EC BRUSSELS IMMEDIATE

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E.O. 11652:N/A

TAGS:ETRD, EEC, EAGR

SUBJECT: EC WINE LABELING REGULATIONS

REFS: (A) STATE 110680; (B) EC BRUSSELS 4316;

(C) EC BRUSSELS 4419

1. AS MISSION HAS CORRECTLY ASSUMED, INTENT OF NOTE,

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REF (A), WAS TO POINT OUT DIFFICULTIES FOR THE U.S. IN  
MEETING THE EC'S WINE LABELING REQUIREMENTS, TO SECURE  
POSTPONEMENT OF THE EFFECTIVE DATE OF THIS REGULATION FOR  
U.S. WINES, TO AGAIN EXPRESS OUR INTEREST IN CONSULTATIONS

COVERING THE ENTIRE RANGE OF THE WINE PROBLEM AND PREVENT A NEEDLESS DISRUPTIVE CONFRONTATION ON THIS ISSUE. THAT U.S. WINE DOES NOT BULK LARGE IN THE EUROPEAN MARKET, GIVEN OUR EXPORT RESULTS TO DATE, IS WELL RECOGNIZED. EC EXPORTS TO THE U.S., ON THE OTHER HAND, ARE AT A LEVEL WHICH ATTRACTS ATTENTION. BOTH SIDES ARE CURRENTLY ENGAGED IN AN EFFORT TO STRENGTHEN REGULATIONS COVERING WINE. AS THE MISSION IS AWARE THE EC REACTED STRONGLY, AND IN BLUNTLY NEGATIVE TERMS, TO PROPOSED U.S. INGREDIENT LABELING REQUIREMENTS. OUR EFFORT WAS TO LAUNCH A DIALOGUE ON SPECIFIC ASPECTS OF THE EC PROPOSAL RATHER THAN ON GENERAL PRINCIPLES. FYI--WE HOPE ACHIEVE MUTUAL ACCEPTANCE OF EACH OTHERS STANDARDS UNLESS HEALTH OR SAFETY QUESTIONS INVOLVED.

2. IN VIEW OF LIKELY ADVERSE EC REACTION IDENTIFIED BY MISSION, WE HAVE NO DIFFICULTY WITH THE STAGED APPROACH SUGGESTED IN REF (C). WE MUST KEEP IN MIND, HOWEVER, THAT THE REGULATIONS IN QUESTION WILL COME INTO EFFECT ON SEPTEMBER 1, 1975, UNLESS SOME TEMPORARY WAIVER IS ACHIEVED. GIVEN THIS TIMING, WE BELIEVE U.S. MUST BEGIN NOW TO SET STAGE FOR MUTUALLY SATISFACTORY RESOLUTION OF THIS PROBLEM. WE WOULD EXPECT TO HAVE BETTER IDEA OF WHICH, IF ANY, ELEMENTS OF PROPOSED EC REGULATIONS WE CAN ACCEPT BY TIME CONSULTATIONS BEGIN AND TO REFINE THIS DURING PROCESS OF CONSULTATIONS.

3. ACCORDINGLY, WE SHOULD GO ON RECORD NOW AS HAVING PROBLEMS WITH THE EC LABELING REGULATION AND AS ALTERNATIVE TO FIRST TEXT, WOULD SUGGEST THE FOLLOWING BRIEF NOTE TO ACHIEVE THAT PURPOSE: BEGIN TEXT--THE MISSION OF THE UNITED STATES OF AMERICA PRESENTS ITS COMPLIMENTS TO THE COMMISSION OF THE EUROPEAN COMMUNITIES AND HAS THE HONOR TO REFER TO COUNCIL REGULATION 2133/74 OF AUGUST 8, 1974, WHICH LAYS DOWN GENERAL RULES FOR THE DESCRIPTION AND PRESENTATION OF WINES AND GRAPE MUSTS. PARA. THE UNITED STATES GOVERNMENT HAS EXAMINED THE RULES SET FORTH IN COUNCIL REGULATION 2133/74 AND WISHES TO SUBMIT THE LIMITED OFFICIAL USE  
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FOLLOWING COMMENTS FOR CONSIDERATION: (1) THE RULES AS SET FORTH COULD HAVE A SERIOUS IMPACT ON U.S. WINE CURRENTLY BEING EXPORTED TO THE EUROPEAN MARKET. SINCE THE RULES ARE AT VARIANCE WITH RULES CURRENTLY IN FORCE IN THE UNITED STATES THE RESULT COULD BE TO EXCLUDE MANY U.S. WINES FROM SALE IN EUROPE. (2) WHILE RECOGNIZING THAT THE INTENT OF THE RULES SET FORTH IN COUNCIL REGULATION 2133/74 IS TO REGULARIZE THE WINE TRADE WITHIN THE EUROPEAN COMMUNITIES, THE UNITED STATES IS CONCERNED THAT A SIDE RESULT MAY BE THE ERECTION OF A BARRIER TO THE SALE OF U.S. WINE IN THOSE MARKETS. (3) TRADE IN WINE HAS LONG BEEN RECOGNIZED AS A SENSITIVE AREA IN THE RELATIONS

BETWEEN THE UNITED STATES AND THE EUROPEAN COMMUNITIES AND ONE WHICH REQUIRES FURTHER EXPLORATION BEFORE ACTION IS TAKEN BY EITHER PARTY. THE U.S. BELIEVES THAT IN KEEPING WITH THE COOPERATIVE SPIRIT OF U.S./EC RELATIONS IT WOULD BE HELPFUL IF CONSULTATIONS COULD TAKE PLACE ON WINE IN THE NEAR FUTURE IN ORDER TO CLARIFY ANY MISUNDERSTANDINGS OF PROPOSED EC REGULATIONS AND TO SEEK MUTUAL ACCOMMODATION OF EC AND UNITED STATES EFFORTS TO ASSURE ACCURACY AND INFORMATIVENESS IN THE DESCRIPTION AND PRESENTATION OF WINES AND GRAPE MUSTS. (4) THE UNITED STATES BELIEVES THAT SUCH ENDEAVORS SHOULD PROCEED FROM RECOGNITION OF THE DIVERSITY OF WINES AND OF THE CONSEQUENCES OF SUCH DIVERSITY FOR NATIONAL REGULATORY SYSTEMS WHICH CONTROL THEIR PRODUCTION AND DISTRIBUTION. WE

BELIEVE THE OBJECTIVE SHOULD BE AGREEMENT ON REGULATORY CONTROLS WHICH WILL SERVE THE PRINCIPLES OF FAIR COMPETITION AND ACCURATE LABELING WHILE AVOIDING RIGID REQUIREMENTS FOR ABSOLUTE CONFORMITY. (5) UNTIL SUCH CONSULTATIONS HAVE TAKEN PLACE, THE UNITED STATES REQUESTS THAT THE APPLICATION OF COUNCIL REGULATION 2133/74 BE POSTPONED WITH RESPECT TO UNITED STATES WINES.--END TEXT.

4. MISSION SHOULD DRAW ON FOLLOWING TECHNICAL ANNEX AS REQUIRED IN ORDER TO POINT OUT SOME OF OUR CURRENT CONCERNS BASED ON OUR INTERPRETATION OF PROPOSED EC REGULATION. WE WOULD, OF COURSE, WELCOME ANY CLARIFICATIONS THE COMMISSION DESIRES TO OFFER.

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A. REGULATION 2133/74 LAYS DOWN GENERAL RULES FOR THE DESCRIPTION AND PRESENTATION OF WINES AND GRAPE MUSTS. SOME OF THESE RULES COULD RESULT IN MORE FAVORABLE TREATMENT FOR EC PRODUCED WINE THAN FOR IMPORTED WINE. SOME WOULD BE DIFFICULT FOR THE U.S. WINE INDUSTRY TO MEET.

(1) ARTICLE 31-3 PROVIDES FOR DEROGATIONS FOR NAMES OF A GEOGRAPHICAL UNIT FOR MIXED WINES PROVIDED THEY MEET THE REGULATIONS OF THE NON-MEMBER COUNTRY AND ARE NOT IN EXCESS OF ALLOWANCES UNDER ARTICLE 14-3. THIS PROVISION ALLOWS FOR BUT DOES NOT REQUIRE MEMBER STATES TO ACCORD EQUAL TREATMENT TO IMPORTED WINES.

(2) ARTICLE 32 STATES THAT A LIST OF VINE VARIETIES WILL BE PREPARED FOR EACH NON-MEMBER COUNTRY AND PROVIDES FOR DELETION OF CERTAIN VARIETIES. THERE IS NO PROVISION FOR CONSULTATION ON THE PREPARATION OF THE LIST.

(3) ARTICLE 32 FURTHER STATES THAT THE NAME OF A VINE VARIETY CAN ONLY BE USED IF THE PRODUCT IS MADE

ENTIRELY FROM GRAPES OF THAT VARIETY. DEROGATIONS ARE ALLOWED UNDER 32-2, BUT THERE IS NO REQUIREMENT THAT DEROGATIONS MUST BE EXTENDED TO ALL COUNTRIES ON AN EQUAL BASIS. (FYI--EVEN WITH DEROGATIONS TO 85 PERCENT MANY U.S. VINE VARIETY WINES WOULD BE EXCLUDED SINCE OUR CURRENT REQUIREMENTS ARE FOR 51 PERCENT).

(4) ARTICLE 33 WHICH PERTAINS TO INDICATION OF VINTAGE YEAR ALSO HAS CERTAIN DEROGATION PROVISIONS. HOWEVER, IT IS NOT MADE CLEAR THAT THESE MUST APPLY EQUALLY TO NON-MEMBER COUNTRIES.

(5) ARTICLE 44 WHICH ALLOWS THE USE OF THE TERM "WINE" IN THE DESCRIPTION OF PRODUCTS OBTAINED FROM FRUITS OTHER THAN GRAPES ALSO DOES NOT MAKE CLEAR THAT EQUAL

TREATMENT MUST BE PROVIDED THE PRODUCTS OF NON-MEMBER COUNTRIES.

(6) A COMPARISON OF ARTICLE 2 AND ARTICLE 27 INDICATES THAT ADDITIONAL LABEL ITEMS ARE AUTHORIZED FOR LIMITED OFFICIAL USE  
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CERTAIN COMMUNITY WINES BUT NOT FOR PRODUCTS OF NON-MEMBER COUNTRIES.

(7) ARTICLE 33-1(B) ALSO PROVIDES MORE STRINGENT REQUIREMENTS FOR VINTAGE WINES FROM NON-MEMBER COUNTRIES THAN FOR MEMBER STATES.

(8) A COMPARISON OF ARTICLES 22 AND 29 INDICATES MORE STRINGENT REQUIREMENTS FOR NON-MEMBER PRODUCTS THAN FOR MEMBER PRODUCTS WITH REGARD TO VINTAGE YEAR INDICATIONS.

(9) ARTICLE 28-1 APPEARS TO EXTEND THE COMMUNITY'S CERTIFICATION REQUIREMENTS TO WINES OF NON-MEMBER COUNTRIES. IF SUCH IS NOT INTENDED THE UNITED STATES WOULD WISH FURTHER CLARIFICATION OF THE ARTICLE.

B. THE REQUEST OF THE COMMUNITY FOR INFORMATION ON GEOGRAPHIC APPELLATIONS IN USE IN THE UNITED STATES HAS BEEN ACKNOWLEDGED AND WORK IS UNDERWAY TO PROVIDE SUCH INFORMATION. HOWEVER, IT IS SUGGESTED THAT SOME MECHANISM SHOULD BE ESTABLISHED WHICH WOULD PROVIDE A FORUM FOR A CONTINUED DIALOGUE ON THIS SUBJECT.

C. WHATEVER THE INTENT OF REGULATION 2133/74, ITS EFFECT WOULD BE TO CREATE A POTENTIALLY SIGNIFICANT NON-TARIFF BARRIER. THE UNITED STATES BELIEVES THAT, UNLESS HEALTH OR SAFETY QUESTIONS ARE INVOLVED, THE OFFICIAL STANDARDS

OF THE COUNTRY OF ORIGIN SHOULD BE PERMITTED TO APPLY TO WINES AND GRAPE MUSTS FOR EXPORT, PROVIDED THEIR PRESENTATION AND DESCRIPTION ARE ACCURATE. THIS VIEW IS IN ACCORD WITH THE EC'S POSITION AS SET FORTH IN ITS NOTE DATED APRIL 30, 1975 PRESENTED TO THE U.S. DEPARTMENT OF STATE WHICH STATES IN PART: 'WINE PRODUCTION IN THE COMMUNITY IS SUBJECT TO STRICT OENOLOGICAL PRACTICES AND IS SYSTEMATICALLY CONTROLLED BY THE MEMBER STATES. THIS, IN THE OPINION OF THE EUROPEAN COMMUNITIES, PROVIDES A SUFFICIENT GUARANTEE AS TO A WINE WHOLESOMENESS AND ITS AUTHENTICITY.'

5. FYI--WE REMAIN CONCERNED OVER REACTION OF U.S. WINE INDUSTRY IF EC LABELING REGULATION IS IMPLEMENTED ON LIMITED OFFICIAL USE  
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SEPTEMBER 1. MISSION IS REQUESTED TO REPORT COMMISSION REACTION TO U.S. REQUEST THAT IMPLEMENTATION BE DELAYED.  
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